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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

USA COMMERCIAL MORTGAGE  
COMPANY,

USA CAPITAL REALTY ADVISORS, LLC,

USA CAPITAL DIVERSIFIED TRUST DEED  
FUND, LLC,

USA CAPITAL FIRST TRUST DEED FUND,  
LLC,

USA SECURITIES, LLC,

Debtors.

**Affects:**

- All Debtors
- × USA Commercial Mortgage Company
- USA Capital Realty Advisors, LLC
- USA Capital Diversified Trust Deed Fund, LLC
- USA Capital First Trust Deed Fund, LLC
- USA Securities, LLC

Case No. BK-S-06-10725-LBR  
Case No. BK-S-06-10726-LBR  
Case No. BK-S-06-10727-LBR  
Case No. BK-S-06-10728-LBR  
Case No. BK-S-06-10729-LBR

**CHAPTER 11**

Jointly Administered Under Case  
No. BK-S-06-10725-LBR

Judge Linda B. Riegle Presiding

**USACM LIQUIDATING TRUST'S STATUS  
REPORT OF USA COMMERCIAL  
MORTGAGE COMPANY MATTERS TO  
BE HEARD ON MARCH 15 OMNIBUS  
HEARING DATE**

Date: March 15, 2007  
Time: 9:30 a.m.

The USACM Liquidating Trust advises the Court of the status of matters pending on the March 15, 2007 calendar that relate to USA Commercial Mortgage Company ("USACM").

Parenthetically, the Effective Date of the Debtors' Third Amended Joint Chapter 11 Plan of Reorganization occurred on March 12, 2007. Notice of the Effective Date will be filed and served within 10 days.

1. ADV: 2-06-01212. BINFORD MEDICAL DEVELOPERS, LLC vs. USA  
COMMERCIAL MORTGAGE COMPANY.

STATUS HEARING RE: PARTIAL MOTION FOR SUMMARY JUDGMENT  
ON COUNTERCLAIM FOR DECLARATORY RELIEF FILED BY LENARD E.  
SCHWARTZER ON BEHALF OF USA COMMERCIAL MORTGAGE  
COMPANY

On February 15, 2007, this Court entered its Order Granting Extension of Time to  
Hold Funds (DE 44) that provides that \$330,000 presently being held by Fidelity National  
Title Group for the loan in the adversary proceeding be held for an additional 30 days,  
through the close of business March 15, 2007. The parties will stipulate to continue this  
order for an additional month.

Pursuant to the confirmed Plan of Reorganization, Compass Partners, LLC, as  
purchaser, and substitute loan servicer, has ten business days from the Effective Date of  
the Plan to decide whether to defend this adversary proceeding.<sup>1</sup> As the Effective Date  
occurred on Monday, March 12, 2007, Compass' period of decision runs through Monday,  
March 26, 2007. Thereafter, the USACM Liquidating Trust will be in a position to  
negotiate directly with counsel for Binford Medical Developers, LLC concerning  
resolution of this adversary proceeding. The USACM Liquidating Trust requests that this  
matter be continued to the Court's April 26, 2007 calendar.

The Court has previously ruled on the Partial Motion for Summary Judgment on  
Counterclaim for Declaratory Relief filed on behalf of USACM. A proposed form of order  
is being circulated.

Further, Binford and the USACM Liquidating Trust have agreed that their  
discovery period shall not begin until April 1, 2007.

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<sup>1</sup> Plan at pp. 48-49.

2. ADV: 2-06-01179. USA COMMERCIAL MORTGAGE COMPANY vs.  
STANDARD PROPERTY DEVELOPMENT, LLC.

MOTION FOR PARTIAL SUMMARY JUDGMENT RE DECLARATORY  
RELIEF FILED BY LENARD E. SCHWARTZER ON BEHALF OF USA  
COMMERCIAL MORTGAGE COMPANY

Due to a pending offer of compromise, counsel for USACM, the USACM  
Liquidating Trust, and Standard Property Development, stipulate that this hearing be  
continued, although counsel for Standard Property Development has a conflict on April  
26, 2007.

3. OBJECTION TO CLAIM 784 OF BINFORD MEDICAL DEVELOPERS IN THE  
AMOUNT OF FILED BY LENARD E. SCHWARTZER ON BEHALF OF USA  
COMMERCIAL MORTGAGE COMPANY

To be continued. See No. 1 above.

4. ADV: 2-06-01179. USA COMMERCIAL MORTGAGE COMPANY vs.  
STANDARD PROPERTY DEVELOPMENT, LLC.

MOTION FOR ABSTENTION FILED BY ANDREW M. BRUMBY ON  
BEHALF OF STANDARD PROPERTY DEVELOPMENT, LLC

To be continued to same date as No. 2 above.

5. ADV: 2-06-01179. USA COMMERCIAL MORTGAGE COMPANY vs.  
STANDARD PROPERTY DEVELOPMENT, LLC.

MOTION TO RECONSIDER / DISSOLVE PRELIMINARY INJUNCTION  
FILED BY ANDREW M. BRUMBY ON BEHALF OF STANDARD PROPERTY  
DEVELOPMENT, LLC

To be continued to same date as No. 2 above.

6. ADV: 2-06-01179. USA COMMERCIAL MORTGAGE COMPANY vs.  
STANDARD PROPERTY DEVELOPMENT, LLC.

MOTION TO DISMISS ADVERSARY PROCEEDING FILED BY ANDREW M.  
BRUMBY ON BEHALF OF STANDARD PROPERTY DEVELOPMENT, LLC

To be continued to same date as No. 2 above.

7. ADV: 2-06-01179. USA COMMERCIAL MORTGAGE COMPANY vs. STANDARD PROPERTY DEVELOPMENT, LLC.

MOTION TO CONTINUE/RESCHEDULE HEARING ON MOTION FOR SUMMARY JUDGMENT PURSUANT TO FRBP 7056(F) FILED BY ANDREW M. BRUMBY ON BEHALF OF STANDARD PROPERTY DEVELOPMENT, LLC

To be continued to same date as No. 2 above.

8. USA COMMERCIAL MORTGAGE COMPANY vs. WELLS FARGO BANK, N.A.

STATUS HEARING RE: AMENDED COMPLAINT FOR INTERPLEADER (CONSOLIDATED W/ 06-1167)

This Court entered judgment discharging USACM from further participation in the action (DE 96). David Huston filed a Motion to Withdraw as Counsel for USACM on March 9, 2007 (DE 113), which is set for hearing on April 26, 2007 (DE 114). The Court must consider how to balance the interests of all parties in the adversary proceeding when certain parties enter into settlements between themselves, which call for distributions from the interplead funds. See, for example, the stipulations in Adversary No. 2-06-1167, by Rocklin/Redding LLC and Alan Bennet (DE 286), George and Carol Hubbard (DE 287), Gareth R. Craner (DE 289), and Ronald G. Gardner (DE 288). Because the interplead funds are limited, and compensation for USACM's special counsel has been paid from the limited fund, someone must consider the impact of orders directing distribution upon the balance of the remaining funds.

9. USA COMMERCIAL MORTGAGE COMPANY

APPLICATION FOR COMPENSATION OF ATTORNEY FEES AND COSTS FOR ROBERT C. LEPOME, FEES: \$173512.50, EXPENSES: \$3671.70. FILED BY ROBERT C. LEPOME [2816]

Mr. LePome filed an Application for Attorneys Fees and Costs (DE2816), which was opposed by Debtors (DE 2974) and the Official Unsecured Creditors Committee for USA Commercial Mortgage Company (DE 2991). The Court received a pro-se response on February 23, 2007 (DE 2885). Mr. LePome filed a reply (DE 3004).

10. ADV: 2-06-01146. USA COMMERCIAL MORTGAGE COMPANY vs. WELLS FARGO BANK, N.A.

MOTION TO RECONSIDER OR ALTERNATIVELY TO MODIFY THE ORDER GRANTING MOTION [THE "MOTION"] TO DISCHARGE USA COMMERCIAL MORTGAGE COMPANY ("USACM") FROM LIABILITY FOR INTERPLED FUNDS AND AWARDING USACM COMPENSATION (FEES AND COSTS) FOR BRINGING THE INTERPLEADER ACTION FILED BY ROBERT C. LEPOME ON BEHALF OF BETTY KOLSTRUP, CAROL N. HUBBARD, HOWARD CONNELL, LORENE CONNELL, CRAIG MEDOFF, CROSBIE RONNING, GARETH A.R. CRANER, GEORGE HUBBARD, GRABLE B. RONNING, MARGARET A. GRAF, PAUL GRAF, ROBERT L. OGREN, RONALD G. GARDNER, THE WILD WATER LP

Mr. LePome filed a Motion to Reconsider the Court's February 13, 2007 order (DE 96) in a motion filed February 16, 2007 (DE 101). USACM filed an opposition (DE 104).

11. ADV: 2-06-01167. USA COMMERCIAL MORTGAGE COMPANY vs. ROBERT J. KEHL

MOTION TO WITHDRAW AS ATTORNEY OF RECORD FILED BY JOHN J. LAXAGUE ON BEHALF OF BEVERLY J. STILES TRUST

The Motion to Withdraw (DE 260) is unopposed.

12. ADV: 2-06-01167. USA COMMERCIAL MORTGAGE COMPANY vs. ROBERT J. KEHL

MOTION TO WITHDRAW AS ATTORNEY OF RECORD FILED BY JOHN J. LAXAGUE ON BEHALF OF FABIOLA A. BOLINO, PETER A. BOLINO

The Motion to Withdraw (DE 262) is unopposed.

13. ADV: 2-06-01247. ROBERT J. KEHL vs. USA COMMERCIAL MORTGAGE COMPANY

STATUS HEARING RE: COMPLAINT

Now that the USACM Liquidating Trust is effective and can negotiate to resolve claims, Counsel for the USACM Liquidating Trust and counsel for the Kehl family agree that the hearing on the adversary proceeding and the objection to proof of claim should be continued to a scheduling conference convenient to the Court in about 60 days.

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14. USA COMMERCIAL MORTGAGE COMPANY

STATUS HEARING RE: MOTION FOR RELIEF FROM STAY PROPERTY:  
COLT GATEWAY LSA ESTATE OF DANIEL TABAS' AND FERTITTA  
ENTERPRISES, INC.'S MOTION FOR RELIEF FROM THE AUTOMATIC  
STAY TO TERMINATE THE LOAN SERVICING AGREEMENT FOR THE  
DIRECT LOAN TO COLT GATEWAY LLC FILED BY LOUIS M BUBALA  
111 ON BEHALF OF ESTATE OF DANIEL TABAS, FERTITTA  
ENTERPRISES, INC.

USACM filed a supplement outlining the proposed compromise on Thursday,  
March 8, 2007 (DE 3011) and asks the Court to approve the compromise. Fertitta  
Enterprises, Inc. filed an Opposition (DE 3059) and an amended Declaration of William J.  
Bullard (DE 3061) in which the Estate of Daniel Tabas joined (DE 3062).

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15. ADV: 2-06-01251. USA COMMERCIAL MORTGAGE COMPANY vs.  
SALVATORE REALE

STATUS HEARING RE: AMENDED COMPLAINT

Counsel for Mr. Reale (Douglas Gerrard) and counsel for the USACM Liquidating  
Trust (Diamond McCarthy) will present a scheduling order for the Court's consideration.

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16. USA COMMERCIAL MORTGAGE COMPANY

SECOND MOTION FOR APPROVAL OF PROCEDURES SECOND JOINT  
MOTION FOR ORDER FOR IMPLEMENTATION OF CONFIRMED PLAN  
(AFFECTS ALL DEBTORS) FILED BY JEANETTE E. MCPHERSON ON  
BEHALF OF USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, USA  
CAPITAL FIRST TRUST DEED FUND, LLC, USA CAPITAL REALTY  
ADVISORS, LLC, USA COMMERCIAL MORTGAGE COMPANY, USA  
SECURITIES, LLC

This Motion was resolved by the Court on March 1, 2007, except for the issue of  
the amount of the reserve for USA Capital First Trust Deed Fund, LLC.

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17. USA COMMERCIAL MORTGAGE COMPANY

MOTION FOR APPROVAL OF PROCEDURES MOTION TO AUTHORIZE  
DEBTOR USA COMMERCIAL MORTGAGE COMPANY AS LOAN  
SERVICER TO ACCEPT PAYMENTS AND PROVIDE RECONVEYANCES  
FOR TWO COLT GATEWAY LOANS FILED BY JEANETTE E. MCPHERSON  
ON BEHALF OF USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,  
USA COMMERCIAL MORTGAGE COMPANY

See No. 14 above.

18. ADV: 2-06-01167. USA COMMERCIAL MORTGAGE COMPANY vs.  
ROBERT J. KEHL

MOTION TO ENFORCE ORDER APPROVING SETTLEMENT AND  
APPLICATION FOR COMPENSATION FOR ROBERT C. LEPOME ,OR  
ALTERNATIVELY, MOTION FOR CONTEMPT UPON USACM FILED BY  
EDWIN ARNOLD , MW GORTS & COMPANY

This Motion to enforce a settlement (DE 258) was opposed by USACM (DE 269)  
and the opposition joined in by the Official Unsecured Creditors Committee (DE 274).

19. ADV: 2-06-01256. USA COMMERCIAL MORTGAGE COMPANY vs.  
SALVATORE REALE

MOTION TO VACATE, MOTION TO CLARIFY TEMPORARY  
RESTRAINING ORDER FILED BY WADE B. GOCHNOUR ON BEHALF OF  
LIBERTY BANK

Responsibility for prosecution of this adversary proceeding on behalf of USA  
Capital Diversified Trust Deed Fund, LLC will be assumed by counsel at Orrick  
Herrington. Responsibility for representation of USACM will be assumed by Lewis and  
Roca LLP and Diamond McCarthy.

Liberty Bank filed a Motion to Vacate and/or Clarify Temporary Restraining Order  
on February 23, 2007 (DE 126), redocketed at Docket No. 128. The Motion is unopposed.

20. ADV: 2-06-01146. USA COMMERCIAL MORTGAGE COMPANY vs. WELLS  
FARGO BANK, N.A.

STATUS HEARING RE: ORDER GRANTING MOTION TO CONSOLIDATE  
ADVERSARY PROCEEDINGS INVOLVING INVESTOR TRUST ACCOUNT

See No. 8 above. David W. Huston filed a Motion to Withdraw as attorney of  
record as special counsel to USACM on March 9, 2007 (DE 113), which will be heard on  
April 26, 2007 (DE 114). As indicated above, USACM was discharged and compensation  
awarded by the Court's February 13, 2007 order (DE 96) which Mr. LePome has moved to  
reconsider (DE 101) by a motion filed February 16, 2007. See No. 10 above.

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21. USA COMMERCIAL MORTGAGE COMPANY

HEARING RE: STIPULATION AND ORDER POSTPONING THE TRANSFER  
OF USACM'S RIGHTS AND ASSETS RELATING TO THE PLACER  
VINEYARDS LOANS TO THE USACM LIQUIDATING TRUST (AFFECTS  
DEBTOR USA COMMERCIAL MORTGAGE)

USACM and the Official Committee of Unsecured Creditors of USA Commercial  
Mortgage Company filed a Stipulation and lodged an order on March 9, 2007 postponing  
the transfer of USACM's rights and assets relating to the Placer Vineyards direct loans to  
the USACM Liquidating Trust. The Court entered the order on March 9, 2007 (DE 3031)  
and set this hearing for consideration of any objections to a delay in transfer of the  
servicing rights pending a hearing on a motion to sell the servicing rights under § 363 (DE  
3037). The parties will request that the Court set the sale hearing for its April calendar.

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22. USA COMMERCIAL MORTGAGE COMPANY

STATUS HEARING RE: OBJECTION TO CLAIM 1660 OF ROBERT J. KEHL  
& RUTH ANN KEHL IN THE AMOUNT OF \$12,841,580.13 +/-

The status hearing on Kehl claim should be continued to the same date as the  
continued status hearing on the adversary complaint, referenced in No. 13 above.

Dated March 13, 2007.

**LEWIS AND ROCA LLP**

By /s/ RC (#006593)

Susan M. Freeman, AZ 4199 (pro hac vice)

Rob Charles, NV 6593

Attorneys for the USACM Liquidating Trust